

**TOWN OF CHATHAM**  
Chatham, Louisiana

Report On Audit  
Of  
Basic Financial Statements  
For The Year Ended  
June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/6/08

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***A Professional Accounting Corporation***  
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# **TOWN OF CHATHAM**

Chatham, Louisiana

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Of The  
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**TOWN OF CHATHAM, LOUISIANA**  
**Table of Contents**  
As of and for the year ended June 30, 2007

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	<u>Statement</u>	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report			1-2
Required Supplemental Information (Part I)			
Management Discussion and Analysis			4-6
<u>Basic Financial Statements</u>			
Government-Wide Financial Statements:			
Statement of Net Assets	A		8
Statement of Activities	B		9
Fund Financial Statements			
Governmental Funds:			
Balance Sheet	C		11
Reconciliation of the Governmental Funds	C-1		12
Balance Sheet to the Government-Wide			
Financial Statement of Net Assets			
Statement of Revenues, Expenditures, and			
Changes in Fund Balances	D		13
Reconciliation of the Statement of Revenues,			
Expenditures, and Changes in Fund Balances			
of Governmental Funds to the Statement of			
Activities	D-1		14
Proprietary Funds:			
Statement of Net Assets	E		15
Statement of Revenues, Expenses, and			
Changes in Fund Net Assets	F		16
Statement of Cash Flows	G		17
Notes to the Financial Statements			19-32
Required Supplementary Information (Part II):			
Budget Comparison Schedules			
and Notes to Budget Comparison Schedule		1	34

**TOWN OF CHATHAM, LOUISIANA**  
**Table of Contents**  
As of and for the year ended June 30, 2007

---

Other Supplemental Schedules

Schedule of Compensation Paid Elected Officials	2	35
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Other Reports

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36-37
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Schedule of Findings and Responses	38
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Schedule of Findings	39
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Independent Auditor's Report

To the Honorable Mayor and  
And the Board of Directors  
Town of Chatham  
Chatham, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Chatham, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Chatham's management. My responsibility is to express opinions on these financial statements, based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

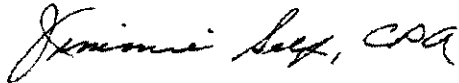
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Chatham, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 18, 2007, on my consideration of the Town of Chatham's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 4 – 6 and 34 are not a part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chatham's basic financial statements. The other supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I express no opinion on them.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA  
Monroe, Louisiana  
December 18, 2007

Required Supplementary Information  
(Part I)

Management Discussion and Analysis

TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Management's Discussion and Analysis  
June 30, 2007

The Management's Discussion and Analysis is an element of the reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. Certain comparative information is presented to provide an overview of its operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. These statements tell how these services were financed in the short term as well as what remains for future spending. The Town maintains two funds; governmental funds, the general fund for daily operations, and a proprietary fund, the utility fund which includes provision of public safety, highways and streets, gas, water, sewer, and sanitation facilities.

A summary of the basic government-wide financial statements is as follows:

TOWN OF CHATHAM  
Summary of the Statement of Net Assets  
June 30, 2007

	Governmental Activities		Business-type Activities		Totals	
	2006	2007	2006	2007	2006	2007
Current and other assets	34,263	35,515	346,509	324,590	380,772	240,238
Capital Assets	168,690	155,512	1,705,006	1,427,673	1,873,696	1,583,185
Total Assets	<u>202,953</u>	<u>191,027</u>	<u>1,822,607</u>	<u>1,752,263</u>	<u>2,025,560</u>	<u>1,943,290</u>
Long-Term Liabilities	-	-	-	-	-	-
Other Liabilities	5,158	4,164	80,930	89,861	86,088	94,025
Total Liabilities	<u>5,158</u>	<u>4,164</u>	<u>80,930</u>	<u>89,861</u>	<u>86,088</u>	<u>94,025</u>
Net Assets						
Invested in Capital Assets						
net of related debt	168,691	155,512	1,521,808	1,427,673	1,690,499	1,583,185
Restricted	-	-	78,085	82,701	78,085	82,701
Unrestricted	29,105	31,351	141,784	152,028	170,889	183,379
Total net assets	<u>197,795</u>	<u>186,863</u>	<u>1,741,677</u>	<u>166,402</u>	<u>1,939,472</u>	<u>1,849,265</u>



TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Management's Discussion and Analysis  
June 30, 2007

Summary of the Statement of Activities  
For the Year ended June 30, 2007

	Governmental Activities		Activities		Totals	
	2006	2007	2006	2007	2006	2007
Charges for Services	70,317	10,275	233,428	241,711	303,745	251,986
Operating Grants & Contributions	-	15,000			-	15,000
Capital Grants	51,261	-			51,261	
Other			25,964		25,964	
GENERAL REVENUES					-	
Property Taxes	14,295	14,206			14,295	14,206
Beer Taxes	455	359			455	359
Occupational License	24,546	25,274			24,546	25,274
Investment Earnings		40	1,622	4,352	1,622	4,392
Fines and Forfeitures		28,293			-	28,293
Fees	14,028	12,159			14,028	12,159
Other General Revenues	18,285	26,025			18,285	26,025
Reimbursement for Entergy	16,413				16,413	-
Rental Income	5,536				5,536	-
Contributions					-	-
Special Items (Note 3)					-	-
Transfers		10,000		(10,000)	-	-
Total Revenues	215,136	141,631	261,014	236,063	476,150	377,694
EXPENSES						
General Administration	(148,122)	(136,008)	(161,184)			(136,008)
Public Works	(23,971)	(886)				(886)
Public Safety	(9,588)	(15,669)				(15,669)
Water				(139,261)		(139,261)
Other			(163,648)	(176,077)		(339,725)
Total Expenses	(181,681)	(152,563)	(324,832)	(315,338)		(467,901)
Change in Net Assets	33,455	(10,932)	(63,818)	(79,275)		(90,207)
Net Assets, Beginning	164,340	197,795	1,805,495	1,741,677		1,939,472
Net Assets, Ending	197,795	186,863	1,741,677	1,662,402		1,849,265

Governmental Activities

The Town's assets exceeded its liabilities by \$186,863 (Net Assets) for the year ended June 30, 2007. This is a decrease of \$10,932 from the prior year.

Unrestricted net assets of \$31,351 represent the portion available to maintain the Town's obligation to both citizens and creditors. This is an increase of \$ 2,246 from prior the year.

TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Management's Discussion and Analysis  
June 30, 2007

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Business Type Activities

The Proprietary Fund, the utility system, experienced a net loss of \$79,275 for the year ending June 30, 2007. This compares to a loss of \$63,818, a total difference of \$15,457 for the year ended June 30, 2006.

General Fund Budgetary Highlights

The Town amended its General Fund Budget during the year. Actual revenues were less than budgeted revenues by \$5,295, and actual expenditures were more than budgeted expenditures by \$1,795.

Economic Factors and Next Year's Budget

The Town has prepared its FY 2007/2008 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

**Contacting the Town of Chatham**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lynette Roberts, Town Clerk, P. O. Box 7, Chatham, LA 71226.

## Basic Financial Statements

**TOWN OF CHATHAM, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

**STATEMENT A**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 34,894	\$ 84,829	\$ 119,723
Receivables, Net	621	35,038	35,659
Total Current Assets	35,515	119,867	155,382
Non Current Assets:			
Restricted Assets	-	82,701	82,701
Investments	-	122,022	122,022
Total Non Current Assets	-	204,723	204,723
Capital Assets:			
Land	27,700	4,067	31,767
Other Capital Assets, Net of Accumulated Depreciation	127,812	1,423,606	1,551,418
Total Capital Assets	155,512	1,427,673	1,583,185
Total Assets	\$ 191,027	\$ 1,752,263	\$ 1,943,290
<b>LIABILITIES</b>			
Accounts and Other Payables	\$ 4,164	\$ 7,160	\$ 11,324
Customer deposits	-	82,701	82,701
Total current liabilities	4,164	89,861	94,025
<b>NET ASSETS</b>			
Invested in Capital Assets	155,512	1,427,673	1,583,185
Restricted-for customer deposits	-	82,701	82,701
Unrestricted	31,351	152,028	183,379
Total net assets	\$ 186,863	\$ 1,662,402	\$ 1,849,265

The accompanying notes are an integral part of this statement.

**TOWN OF CHATHAM, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2007**

**STATEMENT B**

Functions/Programs	Expenses	Program Revenue:		Net (Expenses) Revenue:		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>						
General Government	\$(136,008)	\$ 10,275	\$ 15,000	\$ (110,733)	\$ -	\$ (110,733)
Public Safety	(15,669)	-	-	(15,669)	-	(15,669)
Public Works	(886)	-	-	(886)	-	(886)
Other	-	-	-	-	-	-
Total Governmental Activities	<u>(152,563)</u>	<u>10,275</u>	<u>15,000</u>	<u>(127,288)</u>	<u>-</u>	<u>(127,288)</u>
<b>Business-Type Activities</b>						
Service	(139,261)	241,711	-	-	102,450	102,450
Other	(176,077)	-	-	-	(176,077)	(176,077)
Total B-T Activities	<u>(315,338)</u>	<u>241,711</u>	<u>-</u>	<u>-</u>	<u>(73,627)</u>	<u>(73,627)</u>
Total Government	<b>\$(467,901)</b>	<b>\$ 251,986</b>	<b>\$ 15,000</b>	<b>\$ (127,288)</b>	<b>\$ (73,627)</b>	<b>\$ (200,915)</b>
General Revenues:						
Property taxes				14,206	-	14,206
Beer taxes				359	-	359
Occupational License				25,274	-	25,274
Investment earnings				40	4,352	4,392
Fines and forfeitures				28,293	-	28,293
Fees				12,159	-	12,159
Other general revenues				26,025	-	26,025
Transfers				10,000	(10,000)	-
Total General Revenues and Transfe				<u>116,356</u>	<u>(5,648)</u>	<u>110,708</u>
Change in Net Asset:				(10,932)	(79,275)	(90,207)
Net Assets - Beginning of Yea				197,795	1,741,677	1,939,472
Net assets - End of yea				<u>\$ 186,863</u>	<u>\$ 1,662,402</u>	<u>\$ 1,849,265</u>

The accompanying notes are integral part of this statement

## Fund Financial Statements

**TOWN OF CHATHAM**  
**BALANCE SHEET**  
**Governmental Funds**  
**June 30, 2007**

**STATEMENT C**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 34,894
Receivables-(net, where applicable, of allowance for doubtful accounts)	621
Total Assets	<u>\$ 35,515</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts and Other Payables	<u>\$ 4,164</u>
Total Liabilities	<u>4,164</u>
Fund Balance:	
Unreserved-reported in General Fund	<u>31,351</u>
Total Fund Balance	<u>31,351</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 35,515</b></u>

The accompanying notes are an integral part of this statement.

**TOWN OF CHATHAM**  
**Reconciliation of the Balance Sheet**  
**to the Statement of Net Assets**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

**STATEMENT C-1**

Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Fund Balances - Total Governmental Funds (Statement C)	\$ 31,351
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Capital assets of \$393,345 net of accumulated depreciation  
of 237,833 are not financial resources,  
and therefore, are not reported in the governmental funds.

<u>155,512</u>
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Net Assets of Governmental Activities (Statement A)

<u><u>\$ 186,863</u></u>
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The accompanying notes are an integral part of this statement.



**TOWN OF CHATHAM**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

**STATEMENT D**

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes:	
Ad valorem	\$ 14,166
Other taxes, Penalties, and interest, etc	359
Licenses and permits	25,274
Fines and Forfeitures	28,293
Fees, Charges, and Commissions	12,159
Investment earnings	40
Other revenues	<u>36,339</u>
Total Revenues	<u>116,630</u>
<b>EXPENDITURES</b>	
General Government	124,983
Public Safety-Police	14,291
Public Works	111
Total Expenditures	<u>139,385</u>
Excess (Deficiency) of Revenues over expenditures	<u>(22,755)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in - from Enterprise Fund	10,000
Donation for Capital repairs from Jackson Parish Police Jury	<u>15,000</u>
Total Other Financing Sources and Uses	<u>25,000</u>
Net change in fund balance	2,245
Fund Balance - Beginning	<u>29,106</u>
Fund Balance - Ending	<u>\$ 31,351</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CHATHAM**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2007**

**STATEMENT D-1**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in Fund Balances - Governmental Funds	\$ 2,245
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period are	2,315
Depreciation expense on capital assets is reported in the government-wide financial statements, but they do not require the use of current financial resources and are not reported in the Fund Financial Statements. Current year depreciation expenses are	(15,492)
Change in Net Assets of Governmental Activities	<u>\$ (10,932)</u>

The accompanying notes are an integral part of this statement.

**TOWN OF CHATHAM, LOUISIANA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2007**

**STATEMENT E**

	<u>Business-Type Activities Enterprise Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 84,829
Accounts Receivable, Net	33,137
Due from State (Taxes)	1,901
Total Current Assets	<u>119,867</u>
Non-Current Assets:	
Restricted Assets	82,701
Investments-non current	122,022
Total Non-Current Assets	<u>204,723</u>
Capital Assets:	
Land	4,067
Property, Plant, and Equipment, at cost	3,054,796
Less Accumulated Depreciation	<u>(1,631,190)</u>
Total Capital Assets	<u>1,427,673</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,752,263</u></u>
<b>LIABILITIES</b>	
Current Liabilities (Payable from Current Assets):	
Accounts Payable	\$ 7,160
Total Current Liabilities (Payable from Current Assets)	<u>7,160</u>
Current Liabilities (Payable from Restricted Assets):	
Customer Deposits	82,701
Total Current Liabilities (Payable from Restricted Assets)	<u>82,701</u>
Total Liabilities	<u>89,861</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	1,427,673
Restricted-for customer deposits	82,701
Unrestricted	152,028
Total Net Assets	<u><u>\$ 1,662,402</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF CHATHAM, LOUISIANA**  
**Statement of Revenues, Expenses,**  
**and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2007**

**STATEMENT F**

	Business-Type Activities Enterprise Funds
<b>Operating Revenues</b>	
Charges for Services	\$ 241,711
Total Operating Revenues	<u>241,711</u>
<b>Operating Expenses</b>	
Personal Services	139,261
Maintenance, Operations, and Contractual Services	14,127
Materials and Supplies	65,848
Depreciation	96,102
Total Operating Expenses	<u>315,338</u>
Operating Income (Loss)	<u>(73,627)</u>
<b>Non-Operating Revenue (Expenses)</b>	
Investment Income	4,352
Transfers out to General Fund	<u>(10,000)</u>
Total Non-Operating Revenues (Expenses)	<u>(5,648)</u>
<b>Net Income</b>	(79,275)
Total Net Assets Beginning	1,741,677
Total Net Assets Ending	<u>\$ 1,662,402</u>

The accompanying notes are an integral part of this report.

**TOWN OF CHATHAM, LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2007**

**STATEMENT G**

**Business-Type Activities**  
**Enterprise Funds**

**Cash Flows from Operating Activities**

Receipts from Customers	\$ 238,098
Payments to Suppliers	(143,155)
Payments to Employees	(75,912)
Net cash provided (used) by operating activities	<u>19,031</u>

**Cash Flows from Non Capital Financing Activities**

Interfund transfers - to General Fund to pay invoices	(10,000)
Net cash provided (used) by operating activities	<u>(10,000)</u>

**Cash Flows from Capital and Related Financing Activities**

Acquisition and Construction of Capital Assets:	(1,941)
Net cash provided (used) by capital and related financing activities	<u>(1,941)</u>

**Cash Flows from Investing Activities**

Investment Income	<u>4,352</u>
Net cash provided (used) by investing activities	<u>4,352</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,442
Cash and cash equivalents - Beginning of Year	<u>73,387</u>
Cash and cash equivalents - End of Year	<u>\$ 84,829</u>

**Reconciliation of Operating Income (Loss) to Net Cash**

Provided (Used) by Operating Activities:	
Operating Income, (Loss)	\$ (79,275)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided (used) by operating activities:	
Depreciation	96,102
Increase (Decrease) in Accounts Receivable	4,042
Increase (Decrease) in Accounts Payable and other payables	134
Capital outlay	(1,941)
Miscellaneous	(31)
Net cash provided by operating activities	<u>\$ 19,031</u>

The accompanying notes are an integral part of this statement.

## Notes to Financial Statements

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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**INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Chatham are discussed in subsequent sections of Note I. The remainder of the Notes is organized to provide explanations, including required disclosures of the Town's financial activities for the fiscal year ended June 30, 2007.

**Governmental Organization**

The Town of Chatham, Louisiana, was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides the following services to its 621 (census figures, January, 2006) residents: public safety (police), highways and streets, gas, water, sewer, and sanitation facilities through the Public Utilities Fund, culture/recreation and general administrative services.

The accounting and reporting policies of the town conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

**Basis of Presentation**

The accompanying financial statements of the Town of Chatham have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the Town of Chatham, Louisiana.

**Reporting Entity**

As the municipal governing authority, for reporting purposes, the Town of Chatham, Louisiana is considered a separate financial entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Chatham, Louisiana for the financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the town.
2. Organizations for which the town does not appoint a voting majority but are fiscally dependent of the town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Town of Chatham has no component units.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds (Public Utilities Fund). Major individual governmental funds and major individual proprietary (enterprise) funds are reported as separate columns in the fund financial statements.



**TOWN OF CHATHAM**  
**CHATHAM, LOUISIANA**  
**Notes to the Financial Statements**  
**June 30, 2007**

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**B. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund (Public Utilities Fund.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the town.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the town's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3)

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds (Public Utilities Funds) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Income is derived from fees collected in providing water and sewerage fees for the homes and businesses within the Town. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund financial statements are provided for governmental and proprietary funds (Public Utilities Funds.) Major individual governmental and enterprise funds (proprietary funds) are reported in separate columns.

The town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

The town reports the following major proprietary funds (i.e. enterprise funds or business-type activities):

Public Utilities Fund – Water and Sewer

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund (Public Utilities Fund) financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the governments' enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds (Public Utilities Funds) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. Deposits and Cash Equivalents**

The Town maintains and controls cash and investments. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Town's reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Chatham may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town of Chatham may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

**D. Investments**

State law and the Town's investment policy allow the town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the town are reported at fair value.

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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**E. Receivables and Payables**

**Accounts Receivable - Taxes**

Property taxes are levied by the town in September and are actually billed on October 1, and are mailed to taxpayers in November. The town bills and collects its own taxes using assessed value determined by the tax assessor of Jackson Parish. Billed taxes become delinquent on January 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1. Revenues from ad valorem taxes are budgeted in the year billed. Sales taxes collected are also on the accrual basis.

All trade and property tax receivables are shown net of an allowance for uncollectibles. No allowance is used for property tax receivables, since the collection rate is very high.

The authorized and legal millage rate for the Town was 7.99. The total assessed property of the property rolls is \$1,741,260.

Allowance for uncollectible accounts is charged at 6% of gross receivables in the Public Utilities Fund.

**F. Inventory and Prepaid Items**

The Town does not maintain an inventory of supplies and materials for use in projects and repairs. Most items are purchased as needed and expensed at the time of purchase. Office supplies are maintained for the convenience of personnel, but the stores are utilized in a short period of time and are replaced as needed.

**G. Restricted Net Assets**

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which capital asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The town maintains a threshold level of \$700 or more for capitalizing capital assets.

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description of Capital Assets</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	5 years

**I. Compensated Absences**

The town has the following policy relating to vacation and sick leave:

Town employees are entitled to 10 days of compensated absences and 10 days vacation with pay. However, neither compensated absences nor vacation pay vest or accumulate and both are recorded as expenditures.

**J. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types (Public Utilities Fund) in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group, when applicable.

The only Long-term obligation which the Town has @ June 30, 2007, is a restriction on Customer Deposits of \$82,701.

**K. Fund Equity of Fund Financial Statements**

Designation of fund balances represents tentative management plans that are subject to change.

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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**L. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**M. Reservations of Fund Balances**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget Policy and Practice**

The Town Clerk submits an annual budget to the Town council in accordance with the Town Charter and the Chatham Municipal Budget Act. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the Town Council adopts the annual fiscal year budget for the Town operating fund. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. The original and amended budgets for the fiscal year ended June 30, 2007 were presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (GAAP Basis) and Actual, General Fund, Statement 1.

**B. Basis of Budgeting**

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the Town Council.

The budget for the operating fund is prepared on the GAAP basis. Revenues are budgeted in the year receipt is expected; and expenditures, the year that the applicable purchase orders are expected to be issued. Public hearings are held to obtain public taxpayer comments.

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

**C. Excess of Expenditures over Appropriations**

The following individual funds had actual expenditures over budgeted appropriations:

General Fund	Actual Expenditures	Budgeted Expenditures	Difference
	\$ 22,755	\$ 20,960	\$ -1,795

**D. Encumbrance Accounting**

Encumbrance accounting is not used.

**NOTE 3. CASH AND CASH EQUIVALENTS – INVESTMENTS**

**A. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents (book balances) as of June 30, 2007:

At June 30, 2007, the Town had cash totaling \$324,446 as follows:

2007	
Demand Deposits	\$ 119,723
CD's	204,723
<b>TOTAL</b>	<b>\$ 324,446</b>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by a bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash and cash equivalents (book balance) at June 30, 2007 are secured as follows:

PLEDGED SECURITIES	
Bank Balances	324,446
FDIC	100,000
Pledge Securities	300,000
<b>Adequate Security</b>	<b>\$ 400,000</b>

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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**B. Investments**

The Public Utilities Fund (Proprietary Fund) shows CD's in the amount of \$204,723. The General Fund has no investments.

Investments are limited by Louisiana Revised Statute (R. S.) 33:2955 and the Town's investment policy. If the original maturities are 90 days or less, they are classified as cash equivalents.

**C. Restricted Assets**

The town often maintains various funds which are used for debt or other purposes. The only restricted assets maintained by the Town were for Customer Deposits and cannot be used for other debt payment. This amount at June 30, 2007 was \$82,701.

**NOTE 4. RECEIVABLES**

**A. Receivables**

Receivables include amounts due from customers primarily for utility services.

The receivables of \$35,659 at June 30, 2007 are as follows:

<b><u>CLASS OF RECEIVABLES</u></b>	
General Fund Receivables, Net	\$ 621
Public Utilities Fund Receivables, Net	35,038
<b>TOTAL</b>	<b><u>\$ 35,659</u></b>

These are net of allowance for Bad Debts in the Public Utilities Fund, which are charged at 6%.

**B. Annual Tax Receivables**

The following is a summary of authorized and levied ad valorem taxes: Authorized levy, 7.99 mills; levied 7.99 mills on property with assessed value of \$1,741,260. Property tax receivables @ 6-30-2007 were \$170.



**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

**NOTE 5. CAPITAL ASSETS**

The following two tables show the capital assets and the depreciation of the capital assets in the Governmental Activities (General Fund) and the Business-type Activities (Public Utilities or Proprietary Fund) respectively.

**GOVERNMENTAL ACTIVITIES**

**Depreciation of Capital Assets**

June 30, 2007

Item	Basis 06/30/06	2007 Additions	2007 Deletions	Basis Before Deprec	Prior Accum Deprec	Current Deprec	Total Accum Deprec	Net Capital Assets 06/30/07
Land	27,700	-	-	27,700	-	-	-	27,700
Buildings	121,011	2,315	-	123,326	54,881	3,723	58,604	64,722
Equipment	242,319	-	-	242,319	167,459	11,770	179,229	63,090
	<u>391,030</u>	<u>2,315</u>	<u>-</u>	<u>393,345</u>	<u>222,340</u>	<u>15,493</u>	<u>237,833</u>	<u>155,512</u>

**Depreciation Expenses of the Governmental Activities as Allocated**

General Government (Code 1505)	13,478
Public Service	1,240
Public Works	<u>775</u>
Total Allocated Depreciation	<u>15,493</u>

Land (27,200) is not depreciated

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**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

**BUSINESS-TYPE ACTIVITIES**

Depreciation of Capital Assets  
June 30, 2007

Item	2006 Balance	Prior Deprec	Net Assets 06/30/07	Current Deprec	Accum Deprec	Net Capital Assets 2007
Land	4,063	-	4,063	-	-	4,063
Nat Gas Syst	593,399	279,269	314,130	14,835	294,104	279,269
Wtr System	1,581,134	735,587	845,547	38,745	774,332	735,587
Streets	258,648	182,454	76,194	6,721	189,175	182,454
Sewr System	449,004	222,635	226,369	11,225	233,860	222,635
Equipment	114,847	109,476	5,371	18,659	128,135	109,475
Lake Imprvmnt	24,999	1,999	23,000	1,000	2,999	22,000
Additions 2006						
Add-Equip	1,015	36	979	279	315	700
Add-Software	995	149	846	338	487	508
Add-Dump Trk	12,816	1,282	11,534	1,282	2,564	10,252
Add-Tractor	10,000	1,000	9,000	1,000	2,000	8,000
Add-Repairs	6,003	1,201	4,802	1,921	3,122	2,881
Additions 2007						
Add-Equip	1,941	-	1,941	97	97	1,844
Total 6/30/07	3,058,863	1,535,088	1,523,775	96,102	1,631,190	1,427,673

Current Depreciation of \$96,102.00 charged to Operating Expenses.  
Land is not depreciated.

**NOTE 6. RETIREMENT SYSTEMS**

The Town pays matching funds toward social security benefits for employees. No other retirement system is available to the employees of the Town.

**NOTE 7. OTHER POST-EMPLOYMENT BENEFITS**

The Town does not provide other post-employment benefits.

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

**NOTE 8. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

Accounts, salaries and other payables are as follows:

	<u>General Fund</u>	<u>Prop Fund</u>	<u>Total</u>
Withholdings	\$ 1,184	\$ 2,245	\$ 3,429
Other Payables	2,980	4,915	7,895
 Total	 <u>\$ 4,164</u>	 <u>\$ 7,160</u>	 <u>\$11,324</u>

**NOTE 9 COMPENSATED ABSENCES**

None

**NOTE 10. LONG-TERM LIABILITIES**

At June 30, 2007, the Town had no outstanding long-term debt.

**NOTE 11. INTERFUND TRANSACTIONS**

Cash is transferred from one fund to another to pay invoices when a shortage of cash occurs in that fund. This is an accounting of those transfers.

Interfund Transfers	<u>To</u>	<u>From</u>
Enterprise Fund (12/13/06)		\$ 10,000
General Fund (12/13/06)	\$ 10,000	
 Totals	 <u>\$ 10,000</u>	 <u>\$ 10,000</u>

**NOTE 12. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, and injuries to employees. To handle such risk of loss, the Town carries insurance coverage with Essex Insurance, American Alternative Insurance Corporation, Louisiana Municipal Risk Management, and EMC Insurance Companies in Des Moines, Iowa. The policies cover property, liability, crime and fidelity, employee liability, and others. No claims have been paid on any of the policies during the past three years that exceeds the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended 06-30-2007.

**TOWN OF CHATHAM  
CHATHAM, LOUISIANA  
Notes to the Financial Statements  
June 30, 2007**

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**NOTE 13. LITIGATION AND CLAIMS**

According to the attorney acting on behalf of the Town, there were no pending litigations or claims as of June 30, 2007. There have been no subsequent legal actions to date.

**NOTE 14. SUBSEQUENT EVENTS**

There were no subsequent events noted which would affect the financial statement.

**NOTE 15. CONTINGENCIES**

None noted.

Required Supplementary Information  
(Part II)

**TOWN OF CHATHAM**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended June 30, 2007**

**SCHEDULE 1**

	Original Budget	Amended Budget	General Fund Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Property Taxes	\$ 13,000	\$ 14,500	\$ 14,166	\$ (334)
Occupational Taxes	5,600	21,000	25,274	4,274
Beer Taxes	-	-	359	359
Grants	-	-	-	-
Licenses and Permits	18,500	25,274	11,025	(14,249)
Fees, Charges, and Commissions	12,000	12,159	12,159	-
Fines and Forfeitures	50,000	28,293	28,293	-
investment Earnings	-	-	40	40
Rental Income	-	-	-	-
Surplus Revenue	-	-	-	-
Miscellaneous	5,425	15,699	20,314	4,615
Mowing	5,000	5,000	5,000	-
Reimbursement for Entergy	15,000	-	-	-
<b>Total Revenues</b>	<b>\$ 124,525</b>	<b>\$ 121,925</b>	<b>\$ 116,630</b>	<b>\$ (5,295)</b>
<b>Expenditures:</b>				
General Government	\$ 112,361	\$ 127,275	\$ 124,983	\$ 2,292
Public Safety-Police	18,107	10,360	14,291	(3,931)
Public Works	6,557	5,250	111	5,139
<b>Total Expenditures</b>	<b>137,025</b>	<b>142,885</b>	<b>139,385</b>	<b>3,500</b>
<b>Excess (Deficiency) of</b>				
<b>Revenues over expenditures</b>	<b>(12,500)</b>	<b>(20,960)</b>	<b>(22,755)</b>	<b>(1,795)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds-Enterprise Fund	10,000	10,000	10,000	-
	-	-	15,000	15,000
<b>Net other financing sources (uses)</b>	<b>10,000</b>	<b>10,000</b>	<b>25,000</b>	<b>15,000</b>
<b>Net change in fund balance</b>	<b>(2,500)</b>	<b>(10,960)</b>	<b>2,245</b>	<b>13,205</b>
<b>Fund Balance - Beginning of Year</b>	<b>(2,950)</b>	<b>(5,450)</b>	<b>29,106</b>	<b>(34,556)</b>
<b>Fund Balance - End of Year</b>	<b>\$ (5,450)</b>	<b>\$ (16,410)</b>	<b>\$ 31,351</b>	<b>\$ (21,351)</b>

**Notes to Schedule 1**

1. The Town uses the accrual method of accounting (GAAP basis) for budgetary purposes.
2. The major variances occurred in the licenses and permits departments, due to slowdown in applications for licenses and permits.
3. Major changes from original budget to final budget:
  - a. Reimbursement for entergy. This is an unusual occurrence.
  - b. Fines and forfeitures decreased substantially, due to lack of issued tickets.

**TOWN OF CHATHAM  
CHATHAM, LA**

**SCHEDULE 2**

**Schedule of Compensation Paid Elected Officials – For the Year Ended June 30, 2007**

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>
Herman Lenard P. O. Box 159, 1804 Mill Street Chatham, LA 71226 318/249-4619	Mayor	\$6000/Yr
Marvin Davis P. O. Box 157, 1515 Davis Street Chatham, LA 71226 318/249-2262	Council Member	\$600/Yr
Frances Womack P. O. Box 314, 620 Wilder Avenue Chatham, LA 71226 318/249-2327	Council Member	\$600/Yr
Laverne Mixon P. O. Box 252, 1056 Jasper Road Chatham, LA 71226 318/249-2796	Council Member	\$600/Yr
Sue Proffer P. O. Box 394, 614 Wilder Avenue Chatham, LA 71226 318/249-2667	Council Member	\$600/Yr
Claudine Cartwright 12398 Hwy 4 Chatham, LA 71226 318/249-4751	Council Member	\$600/Yr

**JIMMIE SELF, CPA**  
*A Professional Accounting Corporation*  
2908 Cameron Street, Suite C  
Monroe, Louisiana 71201  
Phone (318) 323-4656 Fax (318) 388-0724

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS.*

To the Honorable Mayor  
And the Board of Directors  
Town of Chatham  
Chatham, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Chatham, Louisiana as of and for the year ended June 30, 2007, which collectively comprise the Town of Chatham, Louisiana's basic financial statements and have issued my report thereon dated December 18, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Town of Chatham, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chatham's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Chatham's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or its employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Chatham's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Chatham's financial statements that is more than inconsequential will not be prevented or detected by the Town of Chatham's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Chatham's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify

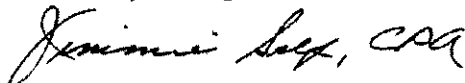


any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Chatham's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

This report is intended solely for the information and use of the management of Town of Chatham, others within the Town of Chatham, and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA  
Monroe, Louisiana  
December 18, 2007

**JIMMIE SELF, CPA**  
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**SCHEDULE OF FINDINGS AND RESPONSES**  
**TOWN OF CHATHAM**  
**Chatham, Louisiana**

Findings for the Current Year Ended June 30, 2007

None

Findings for the Prior Year Ended June 30, 2006.

None..

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**SUMMARY OF FINDINGS**  
**TOWN OF CHATHAM**  
**Chatham, Louisiana**  
**For the Year Ended June 30, 2007**

I have audited the financial statements of Town of Chatham as of and for the year ended June 30, 2007, and have issued my report dated December 18, 2007. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2007 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material Weaknesses ☐ yes ☒ no      Significant Deficiencies ☐ yes ☒ no

**Compliance**

Compliance material to Financial Statements ☐ yes ☒ no